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County residents through direct
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March 15, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number LAC+USC MC – Various \$2,000
- (2) Account Number LAC+USC MC – Various \$5,000
- (3) Account Number LAC+USC MC – Various \$5,000
- (4) Account Number LAC+USC MC – Various \$5,543

Trauma patients who received medical care at non-County facilities:

- (5) Account Number EMS - 513 \$67,782

Total All Accounts: \$85,325

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (4) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

Trauma patients who received medical care at non-County facilities: The compromise offer of settlement for patient account (5) is recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$85,325.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, your Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by your Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

Respectfully submitted,



Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: MARCH 15, 2011

Total Gross Charges	\$17,071	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$17,071	Date of Service	Various
Compromise Amount Offered	\$2,000	% Of Charges	12 %
Amount to be Written Off	\$15,071	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$17,071 for medical services rendered. The patient is a General Relief (GR) recipient and no other coverage was found. The patient's third party liability (TPL) claim settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$10,000	\$10,000	40 %
Lawyer's Cost	\$1,398	\$1,398	6 %
LAC+USC Medical Center *	\$17,071	\$2,000	8 %
Other Lien Holders *	\$24,120	\$4,801	19 %
Patient	-	\$6,801	27 %
Total	-	\$25,000	100 %

* Lien holders are receiving 27% of the settlement (8% to LAC+USC Medical Center and 19% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost with the patient receiving the remaining 27%.

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: MARCH 15, 2011

Total Gross Charges	\$22,236	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$22,236	Date of Service	Various
Compromise Amount Offered	\$5,000	% Of Charges	22 %
Amount to be Written Off	\$17,236	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$22,236 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$5,000	\$2,000	14 %
Lawyer's Cost	-	-	-
LAC+USC Medical Center	\$22,236	\$5,000	33 %
Other Lien Holders	-	-	-
Patient	-	\$8,000	53 %
Total	-	\$15,000	100 %

* The attorney reduced his fees from 33% (\$5,000) to 14% (\$2,000) so that the patient can receive a larger portion of the settlement.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: MARCH 15, 2011

Total Gross Charges	\$38,382	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$38,382	Date of Service	Various
Compromise Amount Offered	\$5,000	% Of Charges	13 %
Amount to be Written Off	\$33,382	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$38,382 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33.33 %
Lawyer's Cost	-	-	-
LAC+USC Medical Center	\$38,382	\$5,000	33.34 %
Other Lien Holders	-	-	-
Patient	-	\$5,000	33.33 %
Total	-	\$15,000	100 %

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: MARCH 15, 2011

Total Gross Charges	\$105,194	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$105,194	Date of Service	Various
Compromise Amount Offered	\$5,542.92	% Of Charges	5 %
Amount to be Written Off	\$99,651.08	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$105,194 for medical services rendered. The patient is a General Relief (GR) recipient and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$6,750	\$6,500	43 %
Lawyer's Cost	\$1,300	\$1,300	9 %
LAC+USC Medical Center **	\$105,194	\$5,542.92	37 %
Other Lien Holders **	\$9,811.25	\$444.39	3 %
Patient	-	\$1,212.69	8 %
Total	-	\$15,000	100 %

* The attorney agreed to reduce his fees from 45% (\$6,750) to 43% (\$6,500). Attorney's fee of 45% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 40% of the settlement (37% to LAC+USC Medical Center and 3% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: MARCH 15, 2011

Total Charges (Providers)	\$167,334	Account Number	EMS 513
Amount Paid to Provider(s)	\$43,762	Service Type / Date of Service	Inpatient & Outpatient 7/7/08 - 7/17/08
Compromise Amount Offered	\$67,782	% of Payment Recovered	155 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Medical Center (PHCMC) and incurred total inpatient and outpatient gross charges of \$167,334 for medical services rendered. PHCMC has received payment from the Los Angeles County Trauma Fund in the amount of \$43,762. The patient's third-party claim has been settled for \$396,500 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$396,500)
Attorney fees	\$158,600	\$158,600	40 %
Lawyer cost	\$6,542	\$6,542	2%
Los Angeles County	\$167,334	\$67,782	17 %
Other Lien Holders	\$127,432	\$47,897	12%
Patient	-	\$115,679	29%
Total	-	\$396,500	100%

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Lien holders are receiving 29% of the settlement (17% to the Trauma Fund and 12% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost.

Proposed settlement reimburses the Trauma Fund 155% (\$67,782) of amount paid to PHCMC.